

Economic Development Appropriations Bill House File 2455

As amended by H-8259 (Senate amendment)

Last Action:

Senate Floor

April 20, 2016

An Act making appropriations to the department of cultural affairs, the economic development authority, the Iowa finance authority, the public employment relations board, the department of workforce development, and the state board of regents and certain regents institutions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available online at: <https://www.legis.iowa.gov/publications/information/appropriationBillAnalysis>

LSA Contact: Ron Robinson (515-281-6256)

FUNDING SUMMARY

FY 2017: This budget includes a total of \$43.1 million from the General Fund and 562.2 FTE positions for the Department of Cultural Affairs (DCA), the Iowa Economic Development Authority (IEDA), the Iowa Finance Authority (IFA), the Public Employment Relations Board (PERB), Iowa Workforce Development (IWD), and the Iowa Board of Regents (BOR) for FY 2017. This is a decrease of \$697,000 and 20.0 FTE positions compared to estimated FY 2016. This bill also appropriates a total of \$28.0 million from other funds for FY 2017. This is an increase of \$157,000 compared to both estimated FY 2016 and House action. In addition to the actual appropriations in this bill, the attached tracking includes the standing appropriation of \$1.1 million for tourism marketing that is automatically appropriated in statute.

Page 1, Line 2

This document provides highlights of amendment H-8259 (Senate amendment). For the full text of HF 2455 as passed by the House see: <https://www.legis.iowa.gov/docs/publications/NOBA/782847.pdf>

MAJOR INCREASES/DECREASES/TRANSFERS OF EXISTING PROGRAMS

Requires the Department of Workforce Development (IWD) to allocate at least \$581,000 from a General Fund appropriation for operation of three satellite field offices projected to serve the most people from the offices located in Decorah, Fort Madison, Iowa City, and Webster City. This is a general decrease of \$550,000 compared to the FY 2016 funding allocation and \$525,000 compared to House action. The Reserve Fund Interest appropriation for satellite field offices is increased by \$157,000 by Senate action in H-8259.

Page 1, Line 2

Increases the Unemployment Compensation Reserve Fund interest appropriation to the IWD for operation of the satellite field offices. This is an increase of \$157,000 compared to both estimated FY 2016 and House action.

Page 1, Line 4

SIGNIFICANT CODE CHANGES

Requires the Iowa Economic Development Authority (Authority) to establish a Community Catalyst Building Remediation Fund (Fund) and Program to provide grants to cities for the remediation of underutilized buildings. The Authority is required to administer the Fund to make grant moneys annually available to cities for the specified purposes.

Page 1, Line 11

Permits the Authority to use up to 5.0% of the moneys in the Fund, at the beginning of a fiscal year, for administrative costs, marketing, technical assistance, and other Program support.

Page 2, Line 5

Requires the Authority to enter into agreements with each recipient specifying the resources to be provided

Page 2, Line 26

EXECUTIVE SUMMARY

ECONOMIC DEVELOPMENT APPROPRIATIONS BILL - AS AMENDED

H8259

by the city, including financial or in-kind. The Authority is permitted to negotiate the terms of the agreement.

Requires the Authority to submit a report to the General Assembly and the Governor on or before January 31, 2020, describing the results of the Program and any recommendations for Program changes.

Page 3, Line 10

Amends the definition of “Building Block Chemical” by adding butyric acid to the list of what is included as a “Building Block Chemical.”

Page 3, Line 21

H8259 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
1	6		Amend	15.316
1	6		Add	15.335B.2.a.(9)
1	6		New	15.231
1	11		New	15.231
3	15		Add	15.335B.2.a.(9)
3	24		Amend	15.316

H8259 Senate Amendment to

1 1 Amend House File 2455, as passed by the House, as
1 2 follows:

1 3 ~~#1.~~ Page 9, line 28, by striking ~~\$1,105,628~~ and
1 4 inserting \$580,783

Requires the Department of Workforce Development (IWD) to allocate at least \$580,783 from a General Fund appropriation for operation of three satellite field offices projected to serve the most people from the offices located in Decorah, Fort Madison, Iowa City, and Webster City.

DETAIL: This is a decrease of \$549,819 compared to the FY 2016 funding allocation and \$524,845 compared to House action. The Reserve Fund Interest appropriation for satellite field offices is increased by \$157,000 by Senate action in H-8259. The IWD currently operates satellite field offices at all four locations. However, some offices are only open two to four days per week.

1 5 ~~#2.~~ Page 11, line 25, by striking ~~400,000~~ and
1 6 inserting 557,000

Unemployment Compensation Reserve Fund interest appropriation to the IWD for operation of the Field Offices.

DETAIL: This is an increase of \$157,000 compared to both estimated FY 2016 and House action.

1 7 ~~#3.~~ Page 17, after line 10 by inserting:

1 8 ~~#_____.~~
1 9 MISCELLANEOUS PROVISIONS — BUILDING REMEDIATION
1 10 PROGRAM AND FUND

1 11 ~~#_____.~~NEW SECTION 15.231 COMMUNITY CATALYST
1 12 BUILDING REMEDIATION PROGRAM — FUND.

1 13 1. a. The economic development authority
1 14 shall, pursuant to section 15.106A, subsection 1,
1 15 paragraph “o”, establish a community catalyst building
1 16 remediation fund for the purpose of providing grants to
1 17 cities for the remediation of underutilized buildings.
1 18 The authority shall administer the fund in a manner to
1 19 make grant moneys annually available to cities for the
1 20 purposes of this section.

CODE: Requires the Iowa Economic Development Authority to establish a Community Catalyst Building Remediation Fund to provide grants to cities for the remediation of underutilized buildings. The Authority is required to administer the Fund to make grant moneys annually available to cities for the specified purposes.

1 21 b. The fund may consist of any moneys appropriated
1 22 by the general assembly for purposes of this section
1 23 and any other moneys that are lawfully available to the
1 24 authority, including moneys transferred or deposited
1 25 from other funds created pursuant to section 15.106A,
1 26 subsection 1, paragraph “o”.

CODE: Permits the Fund to consist of any moneys appropriated for the purpose of the Fund and other moneys lawfully available to the Authority, including moneys available to the Authority from other funds created by the Authority.

<p>1 27 c. The authority shall use any moneys specifically 1 28 appropriated for purposes of this section only for the 1 29 purposes of this section. The authority may use all 1 30 other moneys in the fund, including interest, earnings, 1 31 and recaptures for purposes of this section, or the 1 32 authority may transfer the other moneys to other funds 1 33 created pursuant to section 15.106A, subsection 1, 1 34 paragraph "o".</p>	<p>CODE: The Authority is required to use moneys specifically appropriated for the Building Remediation Program and Fund only for the Program. The Authority is permitted to transfer other moneys in the Fund to other funds created by the Authority.</p>
<p>1 35 d. Notwithstanding section 8.33, moneys in the 2 1 community catalyst building remediation fund at the 2 2 end of each fiscal year shall not revert to any other 2 3 fund but shall remain in the fund for expenditure for 2 4 subsequent fiscal years.</p>	<p>CODE: Requires nonreversion of moneys in the Community Catalyst Building Remediation Fund. The moneys in the Fund are to remain in the Fund at the close of a fiscal year for expenditure in subsequent fiscal years.</p>
<p>2 5 e. The authority may use not more than five percent 2 6 of the moneys in the fund at the beginning of the 2 7 fiscal year for purposes of administrative costs, 2 8 marketing, and technical assistance and other program 2 9 support.</p>	<p>CODE: Permits the Authority to use not more than 5.00% of the moneys in the Fund, at the beginning of a fiscal year, for administrative costs, marketing, technical assistance, and other Program support.</p>
<p>2 10 2. The authority shall use moneys in the fund 2 11 to provide grants to cities for the remediation of 2 12 underutilized buildings. The authority may provide 2 13 grants under this section using a competitive scoring 2 14 process.</p>	<p>CODE: Requires the Authority to use moneys in the Fund to provide grants to cities for the remediation of underutilized buildings and permits the Authority to provide the grants using a competitive scoring process.</p>
<p>2 15 3. In providing grants under this section, the 2 16 authority shall dedicate forty percent of the moneys 2 17 available at the beginning of each fiscal year to 2 18 cities with populations of less than one thousand five 2 19 hundred as shown by the most recent federal decennial 2 20 census. If at the end of each application period the 2 21 amount of grants awarded to cities with a population 2 22 of less than one thousand five hundred is less than 2 23 the amount to be dedicated to such cities under this 2 24 subsection, the balance may be awarded to any approved 2 25 applicant city regardless of city population.</p>	<p>CODE: Requires the Authority to dedicate 40.00% of the moneys available at the beginning of a fiscal year to cities with populations less than 1,500. If the amount awarded to cities with less than 1,500 is less than the required allocation, the balance can be awarded to any approved applicant regardless of city population.</p>
<p>2 26 4. The authority shall enter into an agreement 2 27 with each city for the receipt of grants under this 2 28 section. For a city to receive grant moneys under this 2 29 section, the agreement must require the city to provide 2 30 resources, including financial or in-kind resources, to 2 31 the remediation project. The authority may negotiate 2 32 the terms of the agreement.</p>	<p>CODE: Requires the Authority to enter into agreements with each recipient specifying the resources to be provided by the city, including financial or in-kind. The Authority is permitted to negotiate the terms of the agreement.</p>
<p>2 33 5. In providing grants under this section, the</p>	<p>CODE: Requires the Authority to coordinate the development of a plan</p>

3 34 authority shall coordinate with a city to develop a
 2 35 plan for the use of grant moneys that is consistent
 3 1 with the community development, housing, and economic
 3 2 development goals of the city. The terms of the
 3 3 agreement entered into pursuant to subsection 4 and the
 3 4 use of grants provided under this section shall reflect
 3 5 the plan developed.

for the use of the moneys that is consistent with the community development, housing, and economic goals of the recipient city.

3 6 6. If a city receives a grant under this section,
 3 7 the amount of any lien created for costs related to
 3 8 the remediation of the building shall not include any
 3 9 moneys that the city received pursuant to this section.

CODE: A lien for the costs related to the remediation cannot include the moneys provided by the Program.

3 10 7. The authority shall submit a report to the
 3 11 general assembly and the governor's office on or
 3 12 before January 31, 2020, describing the results of the
 3 13 program implemented pursuant to this section and making
 3 14 recommendations for program changes.

CODE: Requires the Authority to submit a report to the General Assembly and the Governor on or before January 31, 2020, describing the results of the Program and any recommendations for Program changes.

3 15 #____. Section 15.335B, subsection 2, paragraph
 3 16 a, Code 2016, is amended by adding the following new
 3 17 subparagraph:
 3 18 NEW SUBPARAGRAPH (9) For deposit in the community
 3 19 catalyst building remediation fund established pursuant
 3 20 to section 15.231.

CODE: Permits the Authority to allocate moneys to the Community Catalyst Building Remediation Fund.

3 21 #____.
 3 22 MISCELLANEOUS PROVISIONS — RENEWABLE CHEMICAL
 3 23 PRODUCTION TAX CREDIT PROGRAM

CODE: Amends the definition of "Building Block Chemical" by adding butyric acid to the list of what is included as a "Building Block Chemical".

3 24 #____. Section 15.316, subsection 3, as enacted
 3 25 by 2016 Iowa Acts, Senate File 2300, section 5, is
 3 26 amended to read as follows:
 3 27 3. "Building block chemical" means a molecule
 3 28 converted from biomass feedstock as a first product
 3 29 or a secondarily derived product that can be further
 3 30 refined into a higher-value chemical, material, or
 3 31 consumer product. "Building block chemical" includes
 3 32 but is not limited to high-purity glycerol, oleic
 3 33 acid, lauric acid, methanoic or formic acid, arabonic
 3 34 acid, erythronic acid, glyceric acid, glycolic acid,
 3 35 lactic acid, 3-hydroxypropionate, propionic acid,
 4 1 malonic acid, serine, succinic acid, fumaric acid,
 4 2 malic acid, aspartic acid, 3-hydroxybutyrolactone,
 4 3 acetoin, threonine, itaconic acid, furfural, levulinic
 4 4 acid, glutamic acid, xylonic acid, xylic acid,
 4 5 xylitol, arabitol, citric acid, aconitic acid,
 4 6 5-hydroxymethylfurfural, lysine, gluconic acid,
 4 7 glucaric acid, sorbitol, gallic acid, ferulic acid,

DETAIL: The definition of "Building Block Chemical" is defined in SF 2300 (Renewable Chemical Production Income Tax Credit Act).

4 8 butyric acid, nonfuel butanol, nonfuel ethanol, or
4 9 such additional molecules as may be included by the
4 10 authority by rule after consultation with appropriate
4 11 experts from Iowa state university, including but
4 12 not limited to the Iowa state university center for
4 13 biorenewable chemicals.
4 14 #4. Title page, line 5, after institutions by
4 15 inserting , and properly related matters
4 16 #5. By renumbering as necessary.

Summary Data General Fund

	<u>Actual FY 2015 (1)</u>	<u>Estimated FY 2016 (2)</u>	<u>House Action FY 2017 (3)</u>	<u>Senate Action FY 2017 (4)</u>	<u>Senate Action vs House Action (5)</u>
Economic Development	\$ 44,122,588	\$ 43,791,465	\$ 43,094,702	\$ 43,094,702	\$ 0
Grand Total	<u>\$ 44,122,588</u>	<u>\$ 43,791,465</u>	<u>\$ 43,094,702</u>	<u>\$ 43,094,702</u>	<u>\$ 0</u>

Economic Development General Fund

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	House Action FY 2017 <u>(3)</u>	Senate Action FY 2017 <u>(4)</u>	Senate Action vs House Action <u>(5)</u>
<u>Cultural Affairs, Dept. of</u>					
Cultural Affairs, Dept. of					
Administration Division	\$ 176,882	\$ 176,882	\$ 176,882	\$ 176,882	\$ 0
Community Cultural Grants	172,090	172,090	172,090	172,090	0
Historical Division	3,167,701	3,167,701	3,167,701	3,167,701	0
Historic Sites	426,398	426,398	426,398	426,398	0
Arts Division	1,233,764	1,233,764	1,233,764	1,233,764	0
Great Places	150,000	150,000	150,000	150,000	0
Archiving Former Governor's Papers	65,933	65,933	65,933	65,933	0
Records Center Rent	227,243	227,243	227,243	227,243	0
Battle Flag Stabilization	94,000	94,000	0	0	0
County Endowment Funding - DCA Grants	416,702	416,702	416,702	416,702	0
Total Cultural Affairs, Dept. of	\$ 6,130,713	\$ 6,130,713	\$ 6,036,713	\$ 6,036,713	\$ 0
<u>Economic Development Authority</u>					
Economic Development Authority					
Economic Development Appropriation	\$ 15,516,372	\$ 15,516,372	\$ 15,116,372	\$ 15,116,372	\$ 0
World Food Prize	800,000	712,500	712,500	712,500	0
Iowa Comm. Volunteer Ser.-Promise	178,133	178,133	178,133	178,133	0
Councils of Governments (COGs) Assistance	200,000	200,000	200,000	200,000	0
STEM Scholarships	1,000,000	0	0	0	0
Tourism Marketing - Adjusted Gross Receipts	1,124,000	1,124,000	1,124,000	1,124,000	0
Total Economic Development Authority	\$ 18,818,505	\$ 17,731,005	\$ 17,331,005	\$ 17,331,005	\$ 0
<u>Iowa Finance Authority</u>					
Iowa Finance Authority					
Rent Subsidy Program	\$ 658,000	\$ 658,000	\$ 658,000	\$ 658,000	\$ 0
Total Iowa Finance Authority	\$ 658,000	\$ 658,000	\$ 658,000	\$ 658,000	\$ 0
<u>Public Employment Relations Board</u>					
Public Employment Relations					
General Office	\$ 1,342,452	\$ 1,342,452	\$ 1,342,452	\$ 1,342,452	\$ 0
Total Public Employment Relations Board	\$ 1,342,452	\$ 1,342,452	\$ 1,342,452	\$ 1,342,452	\$ 0

Economic Development General Fund

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	House Action FY 2017 <u>(3)</u>	Senate Action FY 2017 <u>(4)</u>	Senate Action vs House Action <u>(5)</u>
<u>Iowa Workforce Development</u>					
Iowa Workforce Development					
Labor Services Division	\$ 3,823,539	\$ 4,579,916	\$ 4,305,097	\$ 4,305,097	\$ 0
Workers' Compensation Division	3,259,044	3,259,044	3,259,044	3,259,044	0
Operations - Field Offices	9,179,413	9,179,413	8,976,650	8,976,650	0
Offender Reentry Program	358,464	358,464	358,464	358,464	0
1/3 State Accounting System	0	0	274,819	274,819	0
Employee Misclassification Program	451,458	451,458	451,458	451,458	0
Total Iowa Workforce Development	\$ 17,071,918	\$ 17,828,295	\$ 17,625,532	\$ 17,625,532	\$ 0
<u>Regents, Board of</u>					
Regents, Board of					
ISU - Small Business Development Centers	\$ 101,000	\$ 101,000	\$ 101,000	\$ 101,000	\$ 0
Total Regents, Board of	\$ 101,000	\$ 101,000	\$ 101,000	\$ 101,000	\$ 0
Total Economic Development	\$ 44,122,588	\$ 43,791,465	\$ 43,094,702	\$ 43,094,702	\$ 0

Summary Data Other Funds

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	House Action FY 2017 <u>(3)</u>	Senate Action FY 2017 <u>(4)</u>	Senate Action vs House Action <u>(5)</u>
Economic Development	\$ 27,866,084	\$ 27,866,084	\$ 27,866,084	\$ 28,023,084	\$ 157,000
Grand Total	<u>\$ 27,866,084</u>	<u>\$ 27,866,084</u>	<u>\$ 27,866,084</u>	<u>\$ 28,023,084</u>	<u>\$ 157,000</u>

Economic Development Other Funds

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	House Action FY 2017 <u>(3)</u>	Senate Action FY 2017 <u>(4)</u>	Senate Action vs House Action <u>(5)</u>
<u>Economic Development Authority</u>					
Economic Development Authority					
STEM Scholarships - SWJCF	\$ 0	\$ 0	\$ 1,000,000	\$ 1,000,000	\$ 0
High Quality Jobs Program - SWJCF	16,900,000	16,900,000	15,900,000	15,900,000	0
Total Economic Development Authority	\$ 16,900,000	\$ 16,900,000	\$ 16,900,000	\$ 16,900,000	\$ 0
<u>Iowa Workforce Development</u>					
Iowa Workforce Development					
Field Offices - Spec Cont Fund	\$ 1,766,084	\$ 1,766,084	\$ 1,766,084	\$ 1,766,084	\$ 0
Field Offices - UI Reserve Interest	400,000	400,000	400,000	557,000	157,000
AMOS Mid-Iowa Organizing Strategy - SWJCF	100,000	100,000	100,000	100,000	0
Total Iowa Workforce Development	\$ 2,266,084	\$ 2,266,084	\$ 2,266,084	\$ 2,423,084	\$ 157,000
<u>Regents, Board of</u>					
Regents, Board of					
Regents Innovation Fund - SWJCF	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 0
ISU - Economic Development - SWJCF	2,424,302	2,424,302	2,424,302	2,424,302	0
UI - Economic Development - SWJCF	209,279	209,279	209,279	209,279	0
UI - Entrepreneur and Econ Growth - SWJCF	2,000,000	2,000,000	2,000,000	2,000,000	0
UNI - Economic Development - SWJCF	1,066,419	1,066,419	1,066,419	1,066,419	0
Total Regents, Board of	\$ 8,700,000	\$ 8,700,000	\$ 8,700,000	\$ 8,700,000	\$ 0
Total Economic Development	\$ 27,866,084	\$ 27,866,084	\$ 27,866,084	\$ 28,023,084	\$ 157,000

Summary Data

FTE Positions

	Actual FY 2015 (1)	Estimated FY 2016 (2)	House Action FY 2017 (3)	Senate Action FY 2017 (4)	Senate Action vs House Action (5)
Economic Development	458.58	582.21	562.23	562.23	0.00
Grand Total	458.58	582.21	562.23	562.23	0.00

Economic Development FTE Positions

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	House Action FY 2017 <u>(3)</u>	Senate Action FY 2017 <u>(4)</u>	Senate Action vs House Action <u>(5)</u>
<u>Cultural Affairs, Dept. of</u>					
Cultural Affairs, Dept. of					
Administration Division	1.73	1.70	74.50	74.50	0.00
Historical Division	38.21	41.12	0.00	0.00	0.00
Historic Sites	5.69	4.00	0.00	0.00	0.00
Arts Division	7.62	8.82	0.00	0.00	0.00
Great Places	1.22	1.43	0.00	0.00	0.00
Archiving Former Governor's Papers	0.68	0.68	0.00	0.00	0.00
Battle Flag Stabilization	0.69	0.70	0.00	0.00	0.00
Total Cultural Affairs, Dept. of	55.85	58.45	74.50	74.50	0.00
<u>Economic Development Authority</u>					
Economic Development Authority					
Economic Development Appropriation	86.44	120.40	149.00	149.00	0.00
High Quality Jobs Creations Assistance	11.82	19.50	0.00	0.00	0.00
Economic Dev Energy Projects Fund	5.14	6.10	0.00	0.00	0.00
Iowa Ind. New Jobs Training (NJT) 260E Fund	2.81	2.40	0.00	0.00	0.00
Small Business Credit Initiative Fund	0.22	0.00	0.00	0.00	0.00
Iowa State Commission	5.83	7.00	7.00	7.00	0.00
Vision Iowa Program	0.00	2.25	2.25	2.25	0.00
Total Economic Development Authority	112.26	157.65	158.25	158.25	0.00
<u>Public Employment Relations Board</u>					
Public Employment Relations					
General Office	8.96	10.00	10.00	10.00	0.00
Total Public Employment Relations Board	8.96	10.00	10.00	10.00	0.00

Economic Development FTE Positions

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	House Action FY 2017 <u>(3)</u>	Senate Action FY 2017 <u>(4)</u>	Senate Action vs House Action <u>(5)</u>
<u>Iowa Workforce Development</u>					
Iowa Workforce Development					
Labor Services Division	46.40	62.10	67.00	67.00	0.00
Workers' Compensation Division	26.21	27.40	30.00	30.00	0.00
Field Office Operating Fund	159.25	180.25	130.00	130.00	0.00
Offender Reentry Program	2.90	5.00	4.00	4.00	0.00
Employee Misclassification Program	2.04	3.20	8.10	8.10	0.00
Total Iowa Workforce Development	236.81	277.95	239.10	239.10	0.00
<u>Regents, Board of</u>					
Regents, Board of					
ISU - Economic Development - SWJCF	21.58	56.63	56.63	56.63	0.00
UI - Economic Development - SWJCF	2.03	6.00	6.00	6.00	0.00
UI - Entrepreneur and Econ Growth - SWJCF	13.53	8.00	8.00	8.00	0.00
UNI - Economic Development - SWJCF	7.56	7.53	9.75	9.75	0.00
Total Regents, Board of	44.70	78.16	80.38	80.38	0.00
Total Economic Development	458.58	582.21	562.23	562.23	0.00